



**UPDATE ON THE RFP TO MODERNIZE THE
CONNECTICUT SOLID WASTE SYSTEM PROJECT**

**REPORT TO THE GENERAL ASSEMBLY
PURSUANT TO PUBLIC ACT 14-94 (C.G.S. Sec. 22a-268g)**

SUBMITTED BY THE DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION

NOVEMBER 2017

Purpose of this Report

This report details an ongoing Request for Proposals (RFP) process that was established through Public Act 14-94 to seek a developer to modernize the Connecticut Solid Waste System Project (CSWSP), a system of waste management facilities owned by the Materials Innovation and Recycling Authority (MIRA). The issuance of this report coincides with a period of public comment on development concepts that continues through November 24, 2017.

How Can Legislators Respond?

Public Act 14-94 states that within 30 days of the receipt of this report the Energy and Technology Committee and the Environment Committee may hold a joint public hearing. The Commissioner of the Department of Energy and Environmental Protection (DEEP), or his designee, would testify at any such public hearing and receive comments from members concerning the proposals received in the RFP.

Whether or not a public hearing is held, DEEP staff are eager to provide more information to members about this important process, and are available to meet at your convenience. If there is a decision to hold a hearing, or if further information is requested, please notify DEEP by contacting Lee Sawyer, Legislative Liaison, at lee.sawyer@ct.gov.

How Can the Public Respond?

DEEP has conducted extensive public outreach throughout the RFP process, including:

- Multiple meetings with the Hartford Advisory Commission on the Environment
- Meetings with Hartford city officials
- Public information session at DEEP (10/15/15)
- Briefings to MIRA board, Metropolitan District Commission officials, Councils of Governments, the CT Solid Waste Advisory Council, the CT Recyclers Coalition, the Solid Waste Association of North America, and the CT Environmental Business Council
- Two pre-bid conferences
- Presentation to the Hartford Climate Stewardship Council (6/25/16)
- Public Meeting at Hartford City Hall (9/28/17)
- Public presentation to the Hartford City Council Public Works, Parks, Recreation and Environment Committee (10/1/17)

DEEP has also maintained a public listserv for those seeking updates on the process, and DEEP established and regularly updates a DEEP webpage for the RFP (see link below).

Presently, DEEP is taking comments on the concepts submitted by finalists through **November 24, 2017**. Information on the concepts and other extensive public information about the process is posted at a website: www.ct.gov/DEEP/ResourceRediscovery.

DEEP is also seeking clarifications from the finalists regarding their proposals and will conduct interviews with each of the finalists in October 2017. Thereafter, DEEP will complete its evaluation of the concepts.

Why Modernization is Needed

The Connecticut Solid Waste System Resource Recovery Facility (CSWS RRF) (formerly called the Mid-Connecticut RRF), has operated since 1988 with a permitted capacity to process 888,888 tons of Municipal Solid Waste (MSW) per year. The facility is at the hub of a “hub and spoke” system of facilities owned and managed by MIRA (the successor to the Connecticut Resources Recovery Authority or CRRA).



The CSWS RRF on the Connecticut River in Hartford's South Meadows

Other key facilities in the system include a recycling sorting facility on Murphy Road in Hartford, and four regional transfer stations in Essex, Ellington, Torrington and Waterbury.

The resource recovery facility (RRF) is of particular importance to Connecticut's overall waste management system because it processes approximately one-third of the state's MSW. However, it is an aging facility that is increasingly expensive to maintain. In addition, it lacks modern environmentally and economically beneficial attributes, such as the capability of recovering significant amounts of recyclable materials from the waste prior to combustion, or the use of anaerobic digestion or other processes to reclaim additional valuable energy or material commodities.

Built on a retro-fitted coal power plant, some crucial infrastructure at the site, including parts of the power generating unit, date back to the 1940s. This aging equipment is prone to failure, resulting in extended plant shutdowns which cause regional disruptions and backups in waste flow. These failures increase costs to residents as waste haulers must find alternative destinations for materials. Simply maintaining the facility in working order will require major capital investments which will result in costs that are passed along to state residents. Prior to the passage of Public Act 14-94, CRRA asserted that recommended maintenance had become cost-prohibitive and major investments would be deferred.

Recognizing that modernization could no longer be delayed, the Legislature passed Public Act 14-94, requiring that DEEP, in consultation with MIRA, solicit proposals for the redevelopment of the

Connecticut Solid Waste System Project (CSWSP). Under the Public Act, DEEP is not responsible for approving a final project through the RFP process, but rather selects a qualified developer to work with MIRA to facilitate a project that meets goals set by the legislation. After the selection of a developer, the project must be vetted and approved through the normal process for a MIRA project, including an environmental justice review and various permitting reviews by DEEP.

Ownership

It is envisioned that MIRA will continue to own the CSWSP facilities. Redevelopment would be effectuated through a project development and 30 year operation agreement between MIRA and the selected developer. It is anticipated that financing would be provided in whole or large part by the developer. In turn, the developer would retain the project revenue. Thus, the development and continued operation of the system can be achieved while minimizing the level of public investment required.

The RFP Process

The preliminary RFP was issued in November 2015. This first stage, “Phase I,” was used by DEEP to identify finalists qualified to compete for final selection. Phase I required proposers to provide concepts for the design, permitting, construction, operation, and maintenance of a proposed facility. To help DEEP identify the most qualified developers, proposers were required to post a bid bond and provide extensive information on their technical capabilities, ability to secure financing, and detailed plans for the sale of energy and recovered materials.

The Phase I RFP review committee included representatives of DEEP, MIRA, the City of Hartford, with input from the Capitol Region Council of Governments (CRCOG), as well as a technical consultant with experience advising states, counties, and municipalities on waste facility development projects.

Phase I received eight responses from which three development teams were determined to be the most qualified to continue to Phase II: **Covanta, Mustang, and Sacyr Rooney.**

The purpose of Phase II is to solicit refined technical and firm price proposals from which to make a final selection of a developer to enter an agreement with MIRA. These final proposals encompass the level of detail necessary to provide the “feasibility studies” that were envisioned (though not required) by the Public Act.

All three finalists submitted Phase II proposals July 31, 2017, and DEEP must make a final selection by December 31, 2017.

The following table shows the Phase II weighting. (The RFP documents themselves, available for review at www.ct.gov/DEEP/ResourceRediscovery, contain the detailed evaluation criteria).

Final (“Phase II”) RFP Scoring	
Proposal Attribute	Relative Weight in Final Score
Technical Proposal (including updated technical and management approach, schedule and financing plan)	25%
Firm Prices for Services and Conformity to Contract Principles	25%
Feedstock Acquisition and Product Marketing Plan	15%
Environmental Impacts and Greenhouse Gas Mitigation Plan	15%
Operation and Management Plan	10%
Transportation Plan	5%
Community Relations Plan	5%

Goals of the Project

Public Act 14-94 sets out the following as factors that DEEP must consider in the selection of a developer:

- Whether the proposal is consistent with the strategies developed pursuant to section 22a-241a of the general statutes, as amended by this act (this refers to the state’s solid waste statutes and waste diversion goal);
- Whether the proposal is consistent with the goals of the state-wide solid waste management plan adopted in accordance with section 22a-228 of the general statutes. The most current state-wide solid waste management plan was adopted on July 19, 2016 and is referred to as the Comprehensive Materials Management Strategy);
- Whether the proposal is in the best interests of the municipalities under contract with the Materials Innovation and Recycling Authority, including, but not limited to, the maintenance or reduction of current tipping fees for contracted waste;
- The level of investment proposed by the respondent/developer;
- Any potential positive impacts on the state's economic development;
- Public comments received on the feasibility studies (these are the Phase II proposals);
- Any other factor consistent with the purpose of this section that the Commissioner of Energy and Environmental Protection deems relevant to the redevelopment of the Connecticut Solid Waste System Project.

To provide additional guidance to proposers, the RFP included the following DEEP goals for a final project:

- It will result in an integrated materials management system modeled after the state's materials management hierarchy. Thus, the project will maximize materials recovery, with remaining waste managed through efficient conversion to compost, renewable energy, fuel, chemicals, and/or other usable products. The final project will be consistent with achieving the state's goal of 60 percent diversion from landfill and Energy from Waste (EfW) by the year 2024.
- To serve contracted communities and other customers, the final project will have the capacity to process a minimum of 1,500 tons/day of post-recycled MSW (465,375 TPY assuming 85% availability) and 50,000 TPY of source-separated recyclables, and up to 2,250 tons/day of post-recycled MSW (698,063 TPY assuming 85% availability) and 100,000 tons/year of source-separated recyclables.
- The final project will provide stable and competitive pricing for municipalities, including the ability to provide uninterrupted services to the Connecticut towns under contract with MIRA through the year 2027 at contracted or lower prices (and within contracted opt-out prices for Tier 1 long-term municipal service agreements).
- The final project will enhance host communities by providing quality jobs, purchasing of local goods and services, and taking steps to mitigate potential negative impacts such as traffic, odors, human health and environmental impacts.
- The final project will maintain services at CSWSP transfer stations for as long as required by current contracts through the year 2027.
- The final project will seek to minimize negative environmental and health impacts of waste management, including minimizing greenhouse gas emissions.
- The final project will continue current practices for source separation and collection of designated recyclables (including glass and metal containers, HDPE and PETE plastic containers, white and mixed paper, old corrugated cardboard; boxboard; and yard waste).
- The final project will include technologies to sort incoming post-recycled MSW to recover additional recyclables and organics and/or achieve optimal feedstock compositions for conversion to compost, fuels, chemicals, electricity or other products.
- It is planned that the project will be privately financed. The state retains the right of public financing.

- The final project will make use of existing sites within the CSWSP as advantageous and to the greatest extent possible.
- The final project will make use of the existing patterns of municipal and subscription-based collection services for waste and recycling.
- The final project will commence operations within five (5) years of contract execution, contingent upon timely state and local approvals.

Concepts of the Three Finalists

Note that this report only contains brief summaries. Detailed information about the three concepts, as well as the qualifications of the developers, is available at www.ct.gov/DEEP/Resource Rediscovery.

- **Covanta** proposes to close the entire RRF and convert the existing recycling facility on Murphy Road into a transfer station. Waste and recyclables would be handled at other existing Covanta-owned or third party contracted facilities in Connecticut or elsewhere in the region. Covanta plans to achieve greater diversion by partially funding new curbside organics collection programs in the Hartford area, with that material going to anaerobic digesters. If the capacity is needed, Covanta proposes they could expand their existing RRF in Bristol, CT. Waste not combusted at waste to energy facilities would be landfilled.
- **Mustang** proposes to close the power generation portion of the RRF and sort MSW to recover recyclables and extract organic material. Organics would be extracted from MSW for treatment using anaerobic digestion and enclosed composting boxes at the RRF site. Remaining waste would be sorted to extract recyclables, and then processed into a fuel product to be used at a cement kiln in New York State. A portion of residual material would be sent to a landfill by train.
- **Sacyr Rooney** proposes to refurbish the existing RRF power generation facility for continued operation, extract recyclables through new on-site sorting lines for MSW, and extract organics from the waste for treatment using anaerobic digestion.

Impact on Diversion

Each of the concepts proposes to significantly increase the diversion (or recovery) of materials from disposal. With the current baseline of 35% diversion being provided primarily through the collection and sorting of designated recyclable (including through curbside collection programs), the concepts proposes to increase overall diversion to those communities served to between 55% and 70%.

Recycling

Covanta proposes to convert the recycling sorting facility on Murphy Road into a transfer station and shift the processing of single stream recyclables to other nearby facilities. **Mustang** proposes that the existing recycling facility would be upgraded and would continue to be used

to manage source-separated recyclables. **Sacyr Rooney** proposes to upgrade the recycling facility to include an advanced glass recovery system, or as an alternative, sorting recyclables at a new mixed-waste processing facility co-located at the site of the RRF.

Transfer Stations

Under all three proposals, currently operating MIRA regional transfer stations will continue to operate for the management of Municipal Solid Waste and source-separated recyclables.

Site Use

Covanta proposes closing the RRF altogether, maximizing potential for future site redevelopment. **Mustang** proposes closing the waste processing and power block portion of facility, opening potential for riverfront development. **Sacyr Rooney** would utilize most of the existing site, with some space reserved for a potential co-location of an industrial use. The RFP did not include a scope of work or funding site assessment and remediation for future use.

Host Community Benefits

The three developers were asked to assume, for the purposes of their Phase II proposals, a **minimum \$4 million annual host benefit fee** to be paid to Hartford (approximately three times the current payment), as well as commitments to local hiring and purchasing. Because MIRA is a quasi-public agency and not subject to a statutory PILOT fee or property tax, the final host benefit arrangement would be determined by MIRA in consultation with the City of Hartford (unless otherwise determined by the Legislature).

Project Challenges

It is important that Legislators – and the public - are aware of three potential challenges to be resolved if the goals of the Public Act are to be achieved with a successful modernization project. It is DEEP's view that none of these challenges are insurmountable, but they are worthy of your attention and monitoring as this process moves forward:

1. **Financing.** Interested developers — and MIRA itself — have expressed reservations about the ability to finance a project without guaranteed revenue from long-term waste contracts and power-purchase agreements. However, DEEP believes the constricted capacity within Connecticut's materials management system ensures a long-term waste supply for facilities that can offer competitive tipping rates. Despite these reservations, developers have demonstrated a willingness to commit private financing, but seek to secure long-term waste contracts with communities or MIRA, offering firm, stable long-term fixed pricing to secure project financing. These commitments will receive careful scrutiny.
2. **Changes to MIRA's Role.** The envisioned structure of the project will significantly limit the revenue available to MIRA and shift some of its former responsibilities to the selected developer/operator. DEEP believes this structure is consistent with the intent behind the Public Act, but acknowledges that it will challenge MIRA to make significant organizational changes.

- 3. The City of Hartford's Concerns.** Elected officials and some residents have voiced reservations about continuing to host a facility in the future. On the other hand, some developers have stated that the central location and value of the existing infrastructure at the site are crucial to a successful project. It is important to note that if the RFP process does not result in a path to modernization, the MIRA and the state will be left, once again, to determine how to address the shortcomings of the existing facility. DEEP views the RFP as an opportunity to bring about a project that benefits both Hartford and the state as a whole.

Conclusion

Consistent with the schedule set forth by Public Act 14-94, DEEP expects to complete its review process by December 31, 2017, and looks forward to determining which of the finalists, if any, will be selected. We appreciate feedback from legislators, legislative committees, as well as the public, before we reach the conclusion of the RFP process. Any questions can be directed to Lee Sawyer, Legislative Liaison, at lee.sawyer@ct.gov.